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JANICE K. BREWER
SECRETARY OF STATE

State of Arizona House of Representatives Forty-eighth Legislature First Regular Session 2007

CHAPTER 277

HOUSE BILL 2690

AN ACT

AMENDING SECTIONS 16-905 AND 16-941, ARIZONA REVISED STATUTES; REPEALING SECTION 16-944, ARIZONA REVISED STATUTES; AMENDING SECTIONS 16-950, 16-952, 16-953, 16-955, 16-956, 16-958, 16-959 AND 16-961, ARIZONA REVISED STATUTES; RELATING TO THE CITIZENS CLEAN ELECTIONS ACT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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Be it enacted by the Legislature of the State of Arizona: Section 1. Section 16-905, Arizona Revised Statutes, is amended to read:

16-905. Contribution limitations: civil penalty: complaint

- A. For an election other than for a statewide office, a contributor shall not give and an exploratory committee, a candidate or a candidate's campaign committee shall not accept contributions of more than:
- 1. FOR AN ELECTION FOR A LEGISLATIVE OFFICE, Three FOUR hundred EIGHTY-EIGHT dollars from an individual.
- 2. FOR AN ELECTION OTHER THAN FOR A LEGISLATIVE OFFICE, THREE HUNDRED NINETY DOLLARS FROM AN INDIVIDUAL.
- 2. 3. FOR AN ELECTION FOR A LEGISLATIVE OFFICE, Three FOUR hundred EIGHTY-EIGHT dollars from a single political committee, excluding a political party, not certified under subsection I of this section to make contributions at the higher limits prescribed by paragraph 3-5 of this subsection and subsection B, paragraph 3 of this section.
- 4. FOR AN ELECTION OTHER THAN FOR A LEGISLATIVE OFFICE, THREE HUNDRED NINETY DOLLARS FROM A SINGLE POLITICAL COMMITTEE, EXCLUDING A POLITICAL PARTY, NOT CERTIFIED UNDER SUBSECTION I OF THIS SECTION TO MAKE CONTRIBUTIONS AT THE HIGHER LIMITS PRESCRIBED BY SUBSECTION B, PARAGRAPH 3 OF THIS SECTION.
- 3. 5. One thousand five hundred ten TWO THOUSAND dollars from a single political committee, excluding a political party, certified pursuant to subsection I of this section.
- B. For an election for a statewide office, a contributor shall not give and an exploratory committee, a candidate or a candidate's committee shall not accept contributions of more than:
 - 1. Seven hundred sixty ONE THOUSAND TEN dollars from an individual.
- 2. Seven hundred sixty ONE THOUSAND TEN dollars from a single political committee, excluding a political party, not certified under subsection I of this section to make contributions at the higher limits prescribed by subsection A, paragraph 3-5 OF THIS SECTION and paragraph 3 of this subsection.
- 3. Three thousand seven hundred ninety FIVE THOUSAND TEN dollars from a single political committee excluding political parties certified pursuant to subsection I of this section.
- C. A candidate shall not accept contributions from all political committees, excluding political parties, combined totaling more than seven thousand five hundred sixty:
- 1. FOR AN ELECTION FOR A LEGISLATIVE OFFICE, SIXTEEN THOUSAND ONE HUNDRED FIFTY dollars.
- 2. For an office other than a LEGISLATIVE OFFICE OR A statewide office. or TEN THOUSAND TWENTY DOLLARS.
- 3. FOR A STATEWIDE OFFICE, seventy-five thousand six hundred ten ONE HUNDRED THOUSAND ONE HUNDRED TEN dollars for a statewide office.

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- D. A nominee of a political party shall not accept contributions from all political parties or political organizations combined totaling more than seven thousand five hundred sixty TEN THOUSAND TWENTY dollars for an election for an office other than a statewide office, and seventy five thousand six hundred ten ONE HUNDRED THOUSAND ONE HUNDRED TEN dollars for an election for a statewide office.
- E. An individual shall not make contributions totaling more than two thousand eight hundred twenty FIVE THOUSAND SIX HUNDRED TEN dollars in a calendar year to state and local candidates, political committees contributing to state or local candidates, and political committees advocating the election or defeat of state or local candidates. Contributions to political parties are exempt from the limitations of this subsection.
- F. The use of a candidate's personal monies is not subject to the limitations of this section but affects the application of these limitations to the candidate's opponents as follows:
 - 1. For a candidate for an office other than a statewide office:
- (a) If a candidate contributes or promises amounts of more than eleven thousand eight hundred forty FIFTEEN THOUSAND SIX HUNDRED SEVENTY dollars of those personal monies, the candidate, within twenty-four hours, excluding Saturdays, Sundays and other legal holidays, shall give written notice by certified mail of the amount contributed or promised as of the date of the notice to all other candidates and the candidates' campaign committees for the same office at the address on file with the filing officer and to the filing officer. Other candidates for the same office and contributors to those candidates are not subject to the limitations of subsections A, C and E of this section after receiving the notice until these candidates receive contributions totaling the amount of personal monies contributed or promised by the candidate giving this notice.
- (b) For each additional accumulation of contributions or promises of that candidate's personal monies that totals at least five thousand nine hundred twenty SEVEN THOUSAND EIGHT HUNDRED FIFTY dollars, the candidate, within twenty-four hours, excluding Saturdays, Sundays and other legal holidays, shall give written notice by certified mail of the amount contributed or promised as of the date of the notice. The notice shall be given as prescribed in subdivision (a) of this paragraph. Other candidates for the same office and contributors to those candidates are not subject to the limitations of subsections A, C and E of this section after receiving the notice until these candidates receive contributions totaling the amount of personal monies contributed or promised by the candidate giving this notice.
 - 2. For a candidate for a statewide office:
- (a) If a candidate contributes or promises amounts of more than twenty-three thousand six hundred seventy THIRTY-ONE THOUSAND THREE HUNDRED THIRTY dollars of those personal monies, the candidate, within twenty-four hours, excluding Saturdays, Sundays and other legal holidays, shall give

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written notice by certified mail of the amount contributed or promised as of the date of the notice to all other candidates and the candidates' campaign committees for the same office at the address on file with the filing officer and to the secretary of state. Other candidates for the same office and contributors to those candidates are not subject to the limitations of subsections B, C and E of this section after receiving the notice until these candidates receive contributions totaling the amount of personal monies contributed or promised by the candidate giving this notice.

- (b) For each additional accumulation of contributions or promises of that candidate's personal monies that totals at least eleven thousand eight hundred forty FIFTEEN THOUSAND SIX HUNDRED SEVENTY dollars, the candidate, within twenty-four hours, excluding Saturdays, Sundays and other legal holidays, shall give written notice of the amount contributed or promised as of the date of the notice. The notice shall be given as prescribed in subdivision (a) of this paragraph. Other candidates for the same office and contributors to those candidates are not subject to the limitations of subsections B, C and E of this section after receiving the notice until these candidates receive contributions totaling the amount of personal monies contributed or promised by the candidate giving this notice.
- 3. If any notice prescribed by this subsection is not timely given the other candidates are not subject to the limitations of subsections A, B and C of this section for an additional five hundred ninety dollars for each day the notice was delinquent.
- 4. Notwithstanding any other provision of this subsection, the amount of contributions that a candidate may receive and that is not subject to the limitations of subsections A, B and C of this section shall not be greater than the largest amount of personal contributions, plus any additional amounts due to delinquent notices, made by any other single candidate for the same office.
- G. The use of personal monies by an individual who designates an exploratory committee is not subject to the limitations of this section but is subject to the following:
- 1. If an individual who has designated a committee for other than statewide office contributes or promises to the committee an amount of personal monies that is more than eleven thousand eight hundred forty FIFTEEN THOUSAND SIX HUNDRED SEVENTY dollars, the individual, within twenty-four hours excluding Saturdays, Sundays and other legal holidays, shall give written notice by certified mail of the amount contributed or promised as of the date of the notice to the filing officer.
- 2. For each additional accumulation of contributions or promises of the designating individual's personal monies that totals at least six thousand SEVEN THOUSAND NINE HUNDRED THIRTY dollars, the individual, within twenty-four hours, excluding Saturdays, Sundays and other legal holidays, shall give written notice by certified mail of the amount contributed or promised as of the date of the notice to the filing officer.

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- 3. If an individual who has designated a committee for statewide office contributes or promises to the committee an amount of personal monies that is more than twenty three thousand six hundred seventy THIRTY-ONE THOUSAND THREE HUNDRED THIRTY dollars, the individual, within twenty-four hours, excluding Saturdays, Sundays and other legal holidays, shall give written notice by certified mail of the amount contributed or promised as of the date of the notice to the filing officer.
- 4. For each additional accumulation of contributions or promises of the designating individual's personal monies that totals at least twelve thousand FIFTEEN THOUSAND NINE HUNDRED FIFTY dollars, the individual, within twenty-four hours, excluding Saturdays, Sundays and other legal holidays, shall give written notice by certified mail of the amount contributed or promised as of the date of the notice to the filing officer.
- H. A candidate's campaign committee or an individual's exploratory committee shall not make a loan and shall not transfer or contribute money to any other campaign or exploratory committee that is designated pursuant to this chapter or 2 United States Code section 431 except as follows:
- 1. An exploratory committee may transfer monies to a subsequent candidate's campaign committee of the individual designating the exploratory committee, subject to the limits of subsection B of this section.
- 2. A candidate's campaign committee may transfer or contribute monies to another campaign committee designated by the same candidate as follows:
- (a) Subject to the contribution limits of this section, transfer or contribute monies from one committee to another if both committees have been designated for an election in the same year.
- (b) Without application of the contribution limits of this section, transfer or contribute monies from one committee to another designated for an election in a subsequent year.
- I. Only political committees that received monies from five hundred or more individuals in amounts of ten dollars or more in the one year period immediately before application to the secretary of state for qualification as a political committee pursuant to this section may make contributions to candidates under subsection A, paragraph 3—5 of this section and subsection B, paragraph 3 of this section. The secretary of state shall obtain information necessary to make the determination that a committee meets the requirements of this subsection and shall provide written certification of the fact to the committee. A political committee certification is valid for two years. A candidate's campaign committee shall not accept a contribution pursuant to this subsection unless it is accompanied by a copy of the certification. All political committees that do not meet the requirements of this subsection are subject to the individual campaign contribution limits of subsection A, paragraph 1 PARAGRAPHS 1 AND 2 of this section and subsection B, paragraph 1 of this section.
- J. The secretary of state $\frac{\text{shall}}{\text{shall}}$, biennially. SHALL adjust to the nearest ten dollars the amounts in subsections A through G of this section by

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the percentage change in the consumer price index and publish the new amounts for distribution to election officials, candidates and campaign committees. In FOR THE PURPOSES OF this subsection, "consumer price index" means the consumer price index for all urban consumers, United States city average, that is published by the United States department of labor, bureau of labor statistics.

- K. The following specific limitations and procedures apply:
- 1. The limits of subsections A through D, F and G of this section apply to each election for any office or offices which the candidate seeks.
- 2. The limits of subsections A, through B AND C of this section apply to the total contributions from all separate segregated funds established, as provided in section 16-920, by a corporation, labor organization, trade association, cooperative or corporation without capital stock.
- 3. A contribution by an unemancipated minor child shall be treated as a contribution by his THE CHILD'S custodial parent or parents for determining compliance with subsection A, paragraph 1 PARAGRAPHS 1 AND 2, subsection B, paragraph 1,— and subsection E of this section.
- 4. A contribution by an individual or a single political committee to two or more candidates in connection with a joint fund-raising effort shall be divided among the candidates in direct proportion to each candidate campaign committee's share of the expenses for the fund-raising effort.
- 5. A candidate shall sign and file with $\frac{1}{100}$ THE CANDIDATE'S nomination paper a statement that $\frac{1}{100}$ THE CANDIDATE has read all applicable laws relating to campaign financing and reporting.
- 6. An individual or political committee shall not use economic influence to induce members of an organization to make contributions to a candidate, collect contributions from members of an organization for transmittal to a candidate, make payments to candidates for public appearances or services which are ordinarily uncompensated or use any similar device to circumvent any of the limitations of this section.
- L. A person who violates this section is subject to a civil penalty imposed as prescribed in section 16-924 of three times the amount of money that has been received, expended or promised in violation of this section or three times the value in money for an equivalent of money or other things of value that have been received, expended or promised in violation of this section.
- M. Any qualified elector may file a sworn complaint with the attorney general or the county attorney of the county in which a violation of this section is believed to have occurred, and the attorney general or the county attorney shall investigate the complaint for possible action.
- N. If the filing officer, attorney general or county attorney fails to institute an action within forty-five working days after receiving a complaint under subsection M of this section, then the individual filing the complaint may bring a civil action in his THE INDIVIDUAL'S own name and at his THE INDIVIDUAL'S own expense, with the same effect as if brought by the

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filing officer, attorney general or county attorney. The individual shall execute a bond payable to the defendant if the individual fails to prosecute the action successfully. The court shall award to the prevailing party costs and reasonable attorney fees.

- O. If a provision of this section or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the section which can be given effect without the invalid provision or application, and to this end the provisions of this section are severable.
- P. If any notice prescribed by subsection F or G of this section is not given in a timely manner, the designating individual, in the case of an exploratory committee, or the candidate, in the case of a candidate's campaign committee, is subject to a civil penalty of three times the amount of personal monies that were contributed, expended or promised in violation. The civil penalty shall be imposed as prescribed by section 16-924.
- Sec. 2. Subject to the requirements of article IV, part 1, section 1, Constitution of Arizona, section 16-941. Arizona Revised Statutes, is amended to read:

16-941. <u>Limits on spending and contributions for political</u> campaigns

- A. Notwithstanding any law to the contrary, a participating candidate:
- 1. Shall not accept any contributions, other than a limited number of five-dollar qualifying contributions as specified in section 16-946 and early contributions as specified in section 16-945, except in the emergency situation specified in section 16-954, subsection F.
- 2. Shall not make expenditures of more than a total of five hundred dollars of the candidate's personal monies for a candidate for THE legislature or more than one thousand dollars for a candidate for statewide office.
- 3. Shall not make expenditures in the primary election period in excess of the adjusted primary election spending limit.
- 4. Shall not make expenditures in the general election period in excess of the adjusted general election spending limit.
- 5. Shall comply with section 16-948 regarding campaign accounts and section 16-953 regarding returning unused monies to the citizens clean election ELECTIONS fund described in this article.
- B. Notwithstanding any law to the contrary, a nonparticipating candidate:
- 1. Shall not accept contributions in excess of an amount that is twenty percent PER CENT less than the limits specified in section 16-905, subsections A through G, as adjusted by the secretary of state pursuant to section 16-905, subsection J. Any violation of this paragraph shall be subject to the civil penalties and procedures set forth in section 16-905, subsections L through P and section 16-924.

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- 2. Shall comply with section 16-958 regarding reporting, including filing reports with the secretary of state indicating whenever (A) expenditures other than independent expenditures on behalf of the candidate, from the beginning of the election cycle to any date up to primary election day, exceed seventy percent PER CENT of the original primary election spending limit applicable to a participating candidate seeking the same office, or (B) contributions to a candidate, from the beginning of the election cycle to any date during the general election period, less expenditures made from the beginning of the election cycle through primary election day, exceed seventy percent PER CENT of the original general election spending limit applicable to a participating candidate seeking the same office. A NONPARTICIPATING CANDIDATE IS EXEMPT FROM THIS PARAGRAPH IF THERE IS NO PARTICIPATING CANDIDATE RUNNING AGAINST THAT NONPARTICIPATING CANDIDATE.
- C. Notwithstanding any law to the contrary, a candidate, whether participating or nonparticipating:
- 1. If and only if specified in a written agreement signed by the candidate and one or more opposing candidates and filed with the citizens clean elections commission, shall not make any expenditure in the primary or general election period exceeding an agreed-upon amount lower than spending limits otherwise applicable by statute.
- 2. Shall continue to be bound by all other applicable election and campaign finance statutes and rules, with the exception of those provisions in express or clear conflict with the provisions of this article.
- D. Notwithstanding any law to the contrary, any person who makes independent expenditures related to a particular office cumulatively exceeding five hundred dollars in an election cycle, with the exception of any expenditure listed in section 16-920 and any independent expenditure by an organization arising from a communication directly to the organization's members, shareholders, employees, affiliated persons, and subscribers, shall file reports with the secretary of state in accordance with section 16-958 so indicating, identifying the office and the candidate or group of candidates whose election or defeat is being advocated, and stating whether the person is advocating election or advocating defeat.

Sec. 3. Repeal

Subject to the requirements of article IV, part 1, section 1, Constitution of Arizona, section 16-944, Arizona Revised Statutes, is repealed.

Sec. 4. Subject to the requirements of article IV, part 1, section 1, Constitution of Arizona, section 16-950, Arizona Revised Statutes, is amended to read:

16-950. Qualification for clean campaign funding

A. A candidate who has made an application for certification may also apply, in accordance with subsection B of this section, to receive funds from

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the citizens clean elections fund, instead of receiving private contributions.

- B. To receive any clean campaign funding, the candidate must present to the secretary of state no later than one week after the end of the qualifying period a list of names of persons who have made qualifying contributions pursuant to section 16-946 on behalf of the candidate. The list shall be divided by county. At the same time, the candidate must tender to the secretary of state the original reporting slips identified in section 16-946, subsection C for persons on the list and an amount equal to the sum of the qualifying contributions collected. The secretary of state shall deposit the amount into the fund.
- C. The secretary of state shall select at random a sample of five percent PER CENT of the number of non-duplicative names on the list and forward facsimiles of the selected reporting slips to the county recorders for the counties of the addresses specified in the selected slips. Within ten days, the county recorders shall provide a report to the secretary of state identifying as disqualified any slips that are unsigned or undated or that the recorder is unable to verify as matching a person who is registered to vote in the electoral district of the office the candidate is seeking on the date specified on the slip. The secretary of state shall multiply the number of slips not disqualified by twenty, and if the result is greater than one hundred ten per cent of the quantity required, shall approve the candidate for funds, and if the result is less than ninety ONE HUNDRED TEN per cent of the quantity required, shall deny the application for funds. Otherwise, the secretary of state shall forward facsimiles of all of the slips to the county recorders for verification, and the county recorders shall check all slips in accordance with the process above. RECORDER SHALL NOT CHECK SLIPS ALREADY VERIFIED. A county recorder shall report verified totals daily to the secretary of state until a determination is made that a sufficient number of verified slips has been submitted. If a sufficient number of verified slips has been submitted to one or more county recorders, the county recorders may stop the verification process.
- D. To qualify for clean campaign funding, a candidate must have been approved as a participating candidate pursuant to section 16-947 and have obtained the following number of qualifying contributions:
 - 1. For a candidate for legislature, two hundred.
 - 2. For candidate for mine inspector, five hundred.
- 3. For a candidate for treasurer, superintendent of public instruction or corporation commission, one thousand five hundred.
- 4. For a candidate for secretary of state or attorney general, two thousand five hundred.
 - 5. For a candidate for governor, four thousand.
- E. To qualify for clean campaign funding, a candidate must have met the requirements of this section and either be an independent candidate or meet the following standards:

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- 1. To qualify for funding for a party primary election, a candidate must have properly filed nominating papers and nominating petitions with signatures pursuant to chapter 3, articles 2 and 3 of this title in the primary of a political organization entitled to continued representation on the official ballot in accordance with section 16-804.
- 2. To qualify for clean campaign funding for a general election, a candidate must be a party nominee of such a political organization.
- Sec. 5. Subject to the requirements of article IV, part 1, section 1, Constitution of Arizona, section 16-952, Arizona Revised Statutes, is amended to read:

16-952. Equal funding of candidates

- A. Whenever during a primary election period a report is filed, or other information comes to the attention of the commission, indicating that a nonparticipating candidate who is not unopposed in that primary has made expenditures during the election cycle to date exceeding the original primary election spending limit, including any previous adjustments, the commission shall immediately pay from the fund to the campaign account of any participating candidate in the same party primary as the nonparticipating candidate an amount equal to any excess of the reported amount over the primary election spending limit,— as previously adjusted, and LESS SIX PER CENT FOR A NONPARTICIPATING CANDIDATE'S FUND-RAISING EXPENSES AND LESS THE AMOUNT OF EARLY CONTRIBUTIONS RAISED FOR THAT PARTICIPATING CANDIDATE FOR THAT OFFICE AS PRESCRIBED BY SECTION 16-945. The primary election spending limit for all such participating candidates shall be adjusted by increasing it by the amount that the commission is obligated to pay to a participating candidate.
- B. Whenever during a general election period a report has been filed, or other information comes to the attention of the commission, indicating that the amount a nonparticipating candidate who is not unopposed has received in contributions during the election cycle to date less the amount of expenditures the nonparticipating candidate made through the end of the primary election period exceeds the original general election spending limit, including any previous adjustments, the commission shall immediately pay from the fund to the campaign account of any participating candidate qualified for the ballot and seeking the same office as the nonparticipating candidate an amount equal to any excess of the reported difference over the general election spending limit, as previously adjusted, and LESS SIX PER CENT FOR A The general election NONPARTICIPATING CANDIDATE'S FUND-RAISING EXPENSES. spending limit for all such participating candidates shall be adjusted by increasing it by the amount that the commission is obligated to pay to a participating candidate.
- C. For THE purposes of subsections A and B of this section, the following expenditures reported pursuant to this article shall be treated as follows:

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- 1. Independent expenditures against a participating candidate shall be treated as expenditures of each opposing candidate, for THE purpose of subsection A of this section, or contributions to each opposing candidate, $\frac{\partial P}{\partial t}$
- 2. Independent expenditures in favor of one or more nonparticipating opponents of a participating candidate shall be treated as expenditures of those nonparticipating candidates, for THE purpose of subsection A of this section, or contributions to those nonparticipating candidates, for THE purpose of subsection B of this section.
- 3. Independent expenditures in favor of a participating candidate shall be treated, for every opposing participating candidate, as though the independent expenditures were an expenditure of a nonparticipating opponent, for THE purpose of subsection A of this section, or a contribution to a nonparticipating opponent, for THE purpose of subsection B of this section.
- 4. Expenditures made during the primary election period by or on behalf of an independent candidate or a nonparticipating candidate who is unopposed in a party primary, shall be treated as though made during the general election period, and DEDUCTED FROM THE TOTAL AMOUNT OF MONIES RAISED FOR PURPOSES OF DETERMINING THE AMOUNT OF EQUALIZING FUNDS, UP TO THE AMOUNT OF PRIMARY FUNDS RECEIVED BY THE PARTICIPATING CANDIDATE. Equalizing funds pursuant to subsection B of this section shall THEN be CALCULATED AND paid at the start of the general election period.
- 5. Expenditures made before the general election period that consist of a contract, promise, or agreement to make an expenditure during the general election period resulting in an extension of credit shall be treated as though made during the general election period, and equalizing funds pursuant to subsection B of this section shall be paid at the start of the general election period.
- 6. Expenditures for or against a participating candidate promoting or opposing more than one candidate who are IS not running for the same office shall be allocated by the commission among candidates for different offices based on the relative size or length and relative prominence of the reference to candidates for different offices.
- D. Upon applying for citizen funding pursuant to section 16-950, a participating candidate for THE legislature in a one-party-dominant legislative district who is qualified for clean campaign funding for the party primary election of the dominant party may choose to reallocate a portion of funds from the general election period to the primary election period. At the beginning of the primary election period, the commission shall pay from the fund to the campaign account of a participating candidate who makes this choice an extra amount equal to fifty percent PER CENT of the original primary election spending limit, and the original primary election spending limit for the candidate who makes this choice shall be increased by the extra amount. For a primary election in which one or more participating candidates have made this choice, funds shall be paid under subsections A and

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B of this section only to the extent of any excess over the original primary election spending limit as so increased. If a participating candidate who makes this choice becomes qualified for clean campaign funding for the general election, the amount the candidate receives at the beginning of the general election period shall be reduced by the extra amount received at the beginning of the primary election period, and the original general election spending limit for that candidate shall be reduced by the extra amount. a general election in which a participating candidate has made this choice, funds shall be paid under subsections A and B of this section only to the extent of any excess over the original general election spending limit, without such reduction, unless the candidate who has made this choice is the only participating candidate in the general election, in which case such funds shall be paid to the extent of excess over the original general election spending limit with such reduction. For THE purpose of this subsection, a one-party-dominant legislative district is a district in which the number of registered voters registered in the party with the highest number of registered voters exceeds the number of registered voters registered to each of the other parties by an amount at least as high as ten percent PER CENT of the total number of voters registered in the district. The status of a district as a one-party-dominant legislative district shall be determined as of the beginning of the qualifying period.

- E. If an adjusted spending limit reaches three times the original spending limit for a particular election, then the commission shall not pay any further amounts from the fund to the campaign account of any participating candidate, and the spending limit shall not be adjusted further.
- Sec. 6. Subject to the requirements of article IV, part 1, section 1, Constitution of Arizona, section 16-953, Arizona Revised Statutes, is amended to read:
 - 16-953. Return of monies to the citizens clean elections fund
- A. At the end of the primary election period, a participating candidate who has received monies pursuant to section 16-951, subsection A, paragraph 1 shall return to the fund all monies in the candidate's campaign account above an amount sufficient to pay any unpaid bills for expenditures made during the primary election period and for goods or services directed to the primary election.
- B. At the end of the general election period, a participating candidate shall return to the fund all monies in the candidate's campaign account above an amount sufficient to pay any unpaid bills for expenditures made before the general election and for goods or services directed to the general election.
- C. A participating candidate shall pay all uncontested and unpaid bills referenced in this section no later than thirty days after the primary or general election. A participating candidate shall make monthly reports to the commission concerning the status of the dispute over any contested

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bills. Any monies in a candidate's campaign account after payment of bills shall be returned promptly to the fund.

- D. If a participating candidate is replaced pursuant to section 16-343, and the replacement candidate files an oath with the secretary of state certifying to section 16-947, subsection B, paragraph 3, the campaign account of the participating candidate shall be transferred to the replacement candidate and the commission shall certify the replacement candidate as a participating candidate without requiring compliance with section 16-950 or the remainder of section 16-947. If the replacement candidate does not file such an oath, the campaign account shall be liquidated and all remaining monies returned to the fund.
- E. IF A PARTICIPATING CANDIDATE WHO HAS RECEIVED MONIES PURSUANT TO SECTION 16-951, SUBSECTION A, PARAGRAPH 1 DOES NOT QUALIFY FOR THE BALLOT FOR THE PRIMARY ELECTION, THE PARTICIPATING CANDIDATE SHALL:
- 1. RETURN TO THE FUND ALL MONIES IN THE CANDIDATE'S CAMPAIGN ACCOUNT ABOVE THE AMOUNT SUFFICIENT TO PAY ANY UNPAID BILLS FOR EXPENDITURES MADE BEFORE THE DATE THE CANDIDATE FAILED TO QUALIFY FOR THE PRIMARY BALLOT.
- 2. RETURN TO THE COMMISSION, WITHIN FOURTEEN DAYS, ALL REMAINING ASSETS PURCHASED WITH PUBLIC FUNDS IN THAT ELECTION CYCLE, INCLUDING ALL POLITICAL SIGNS. THE DISQUALIFIED PARTICIPATING CANDIDATE IS NOT REQUIRED TO RETURN POLITICAL SIGNS PURCHASED IN A PREVIOUS ELECTION CYCLE.
- 3. REPAY ANY MONIES PAID TO A FAMILY MEMBER UNLESS THE PARTICIPATING CANDIDATE DEMONSTRATES THAT THE PAYMENT MADE WAS FOR GOODS OR SERVICES ACTUALLY PROVIDED BEFORE DISQUALIFICATION OF THE CANDIDATE AND THE PAYMENT WAS FOR FAIR MARKET VALUE. FOR THE PURPOSES OF THIS PARAGRAPH, "FAMILY MEMBER" MEANS A PARENT, GRANDPARENT, SPOUSE, CHILD OR SIBLING OF THE CANDIDATE OR A PARENT OR SPOUSE OF ANY OF THOSE PERSONS.
- Sec. 7. Subject to the requirements of article IV, part 1, section 1, Constitution of Arizona, section 16-955, Arizona Revised Statutes, is amended to read:

16-955. Citizens clean election commission: structure

- A. The citizens clean elections commission is established consisting of five members. No more than two members of the commission shall be members of the same political party. No more than two members of the commission shall be residents of the same county. No one shall be appointed as a member who does not have a registration pursuant to chapter 1 of this title that has been continuously recorded for at least five years immediately preceding appointment with the same political party or as an independent.
- B. The commission on appellate court appointments shall nominate candidates for vacant commissioner positions SHALL BE PERSONS who are committed to enforcing this article in an honest, independent, and impartial fashion and to seeking to uphold public confidence in the integrity of the electoral system. Each candidate shall be a qualified elector who has not, in the previous five years in this state, been appointed to, been elected

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to, or run for any public office, including precinct committeeman, or served as an officer of a political party.

- C. Initially, the commission on appellate court appointments shall nominate five slates, each having three candidates, before January 1, 1999. No later than February 1, 1999, the governor shall select one candidate from one of the slates to serve on the commission for a term ending January 31, 2004. Next, the highest-ranking official holding a statewide office who is not a member of the same political party as the governor shall select one candidate from another one of the slates to serve on the commission for a term ending January 31, 2003. Next, the second-highest-ranking official holding a statewide office who is a member of the same political party as the governor shall select one candidate from one of the three remaining slates to serve on the commission for a term ending January 31, 2002. Next, the second-highest-ranking official holding a statewide office who is not a member of the same political party as the governor shall select one candidate from one of the two remaining slates to serve on the commission for a term ending January 31, 2001. Finally, the third-highest-ranking official holding a statewide office who is a member of the same political party as the governor shall elect one candidate from the last slate to serve on the commission for a term ending January 31, 2000. For purpose THE PURPOSES of this section, the ranking of officials holding statewide office shall be governor, secretary of state, attorney general, treasurer, superintendent of public instruction, corporation commissioners in order of seniority, mine inspector, the members of the supreme court in order of seniority, senate majority and minority leaders, and house majority and minority leaders.
- D. One commissioner shall be appointed for a five-year term beginning February 1 of every year beginning with the year 2000. The commission on appellate court appointments shall nominate one slate of three candidates Before January FEBRUARY 1 of each year beginning in the year 2000, and the governor and the highest-ranking official holding a statewide office who is not a member of the same political party as the governor shall alternate filling such vacancies. The vacancy in the year 2000 shall be filled by the governor.
- E. Members of the commission may be removed by the governor, with concurrence of the senate, for substantial neglect of duty, gross misconduct in office, inability to discharge the powers and duties of office, or violation of this section, after written notice and opportunity for a response.
- F. If a commissioner does not complete his or her THE COMMISSIONER'S term of office for any reason, the commission on appellate court appointments shall nominate one slate of three candidates as soon as possible in the first thirty days after the commissioner vacates his or her office and a replacement shall be selected from the slate within thirty days of nomination of the slate AFTER THE VACANCY OCCURS. The highest-ranking official holding a statewide office who is a member of the political party of the official who

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nominated the commissioner who vacated office shall nominate the replacement, who shall serve as commissioner for the unexpired portion of the term. A vacancy or vacancies shall not impair the right of the remaining members to exercise all of the powers of the board.

- G. Commissioners are eligible to receive compensation in an amount of two hundred dollars for each day on which the commission meets and reimbursement of expenses pursuant to title 38, chapter 4, article 2.
- H. The commissioners shall elect a chair to serve for each calendar-year period from among their members whose terms expire after the conclusion of that year. Three commissioners shall constitute a quorum.
- I. A member of the commission shall serve no more than one term and is not eligible for reappointment. No commissioner, during his or her THE COMMISSIONER'S tenure or for three years thereafter, shall seek or hold any other public office, serve as an officer of any political committee, or employ or be employed as a lobbyist.
- J. The commission shall appoint an executive director who shall not be a member of the commission and who shall serve at the pleasure of the commission. The executive director is eligible to receive compensation set by the board within the range determined under section 38-611. The executive director, subject to title 41, chapter 4, articles 5 and 6, shall employ, determine the conditions of employment, and specify the duties of administrative, secretarial, and clerical employees as the director deems necessary.
- Sec. 8. Subject to the requirements of article IV, part 1, section 1, Constitution of Arizona, section 16-956, Arizona Revised Statutes, is amended to read:
 - 16-956. Voter education and enforcement duties
 - A. The commission shall:
- 1. Develop a procedure for publishing a document or section of a document having a space of predefined size for a message chosen by each candidate. For the document that is mailed before the primary election, the document shall contain the names of every candidate for every statewide and legislative district office in that primary election without regard to whether the candidate is a participating candidate or a nonparticipating candidate. For the document that is mailed before the general election, the document shall contain the names of every candidate for every statewide and legislative district office in that general election without regard to whether the candidate is a participating candidate or a nonparticipating candidate. The commission shall mail one copy of each document to every household that contains a registered voter. For the document that is mailed before the primary election, the mailing may be made over a period of days but shall be mailed in order to be delivered to households before the earliest date for receipt by registered voters of any requested early ballots for the primary election. The commission may mail the second document over a period of days but shall mail the second document in order to be delivered to

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households before the earliest date for receipt by registered voters of any requested early ballots for the general election. The primary election and general election documents published by the commission shall comply with all of the following:

- (a) For any candidate who does not submit a message pursuant to this paragraph, the document shall include with the candidate's listing the words "no statement submitted".
- (b) The document shall have printed on its cover the words "citizens clean elections commission voter education guide" and the words "primary election" or "general election" and the applicable year. The document shall also contain at or near the bottom of the document cover in type that is no larger than one-half the size of the type used for "citizens clean elections commission voter education guide" the words "paid for by the citizens clean elections fund".
- (c) In order to prevent voter confusion, the document shall be easily distinguishable from the publicity pamphlet that is required to be produced by the secretary of state pursuant to section 19–123.
- 2. Sponsor debates among candidates, in such manner as determined by the commission. The commission shall require participating candidates to attend and participate in debates and may specify by rule penalties for nonparticipation. The commission shall invite and permit nonparticipating candidates to participate in debates.
- 3. Prescribe forms for reports, statements, notices and other documents required by this article. THE COMMISSION SHALL NOT REQUIRE A CANDIDATE TO USE A REPORTING SYSTEM OTHER THAN THE REPORTING SYSTEM JOINTLY APPROVED BY THE COMMISSION AND THE OFFICE OF THE SECRETARY OF STATE.
- 4. Prepare and publish instructions setting forth methods of bookkeeping and preservation of records to facilitate compliance with this article and explaining the duties of persons and committees under this article.
- 5. Produce a yearly report describing the commission's activities and any recommendations for changes of law, administration or funding amounts and accounting for monies in the fund.
- $6.\$ Adopt rules to implement the reporting requirements of section 16-958, subsections D and E.
- 7. Enforce the provisions of this article, ensure that money from the fund is placed in candidate campaign accounts or otherwise spent as specified in this article and not otherwise, monitor reports filed pursuant to this chapter and financial records of candidates as needed to ensure that equalization monies are paid promptly to opposing qualified candidates under section 16-952 and ensure that money required by this article to be paid to the fund is deposited in the fund. THE COMMISSION SHALL NOT TAKE ACTION ON ANY EXTERNAL COMPLAINT THAT IS FILED MORE THAN NINETY DAYS AFTER THE POSTELECTION REPORT IS FILED OR NINETY DAYS AFTER THE COMPLETION OF THE CANVASS OF THE ELECTION TO WHICH THE COMPLAINT RELATES, WHICHEVER IS LATER.

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- B. The commission may subpoena witnesses, compel their attendance and testimony, administer oaths and affirmations, take evidence and require by subpoena the production of any books, papers, records or other items material to the performance of the commission's duties or the exercise of its powers.
- C. The commission may adopt rules to carry out the purposes of this article and to govern procedures of the commission. Commission rule making is exempt from title 41, chapter 6, article 3, except that the commission shall submit the rules for publication and the secretary of state shall publish the rules in the Arizona administrative register. The commission shall propose and adopt rules in public meetings, with at least sixty days allowed for interested parties to comment after the rules are proposed. THE COMMISSION SHALL ALSO FILE A NOTICE OF EXEMPT RULE MAKING AND THE PROPOSED RULE IN THE FORMAT PRESCRIBED IN SECTION 41-1022 WITH THE SECRETARY OF STATE'S OFFICE FOR PUBLICATION IN THE ARIZONA ADMINISTRATIVE REGISTER. AFTER CONSIDERATION OF THE COMMENTS RECEIVED IN THE SIXTY DAY COMMENT PERIOD, THE COMMISSION MAY ADOPT THE RULE IN AN OPEN MEETING. ANY RULES GIVEN FINAL APPROVAL IN AN OPEN MEETING SHALL BE FILED IN THE FORMAT PRESCRIBED IN SECTION 41-1022 WITH THE SECRETARY OF STATE'S OFFICE FOR PUBLICATION IN THE ARIZONA ADMINISTRATIVE REGISTER. ANY RULES ADOPTED BY THE COMMISSION SHALL ONLY BE APPLIED PROSPECTIVELY FROM THE DATE THE RULE WAS ADOPTED.
- D. BEGINNING JANUARY 1, 2010, RULES ADOPTED BY THE COMMISSION ARE NOT EFFECTIVE UNTIL JANUARY 1 IN THE YEAR FOLLOWING THE ADOPTION OF THE RULE, EXCEPT THAT RULES ADOPTED BY UNANIMOUS VOTE OF THE COMMISSION MAY BE MADE IMMEDIATELY EFFECTIVE AND ENFORCEABLE.
- E. IF, IN THE VIEW OF THE COMMISSION, THE ACTION OF A PARTICULAR CANDIDATE OR COMMITTEE REQUIRES IMMEDIATE CHANGE TO A COMMISSION RULE, A UNANIMOUS VOTE OF THE COMMISSION IS REQUIRED. ANY RULE CHANGE MADE PURSUANT TO THIS SUBSECTION THAT IS ENACTED WITH LESS THAN A UNANIMOUS VOTE TAKES EFFECT FOR THE NEXT ELECTION CYCLE.
- D. F. Based on the results of the elections in the year 2002 or any quadrennial election thereafter, and within six months after such election, the commission may adopt rules changing the number of qualifying contributions required for any office from those listed in section 16-950, subsection D, by no more than twenty per cent of the number applicable for the preceding election.
- Sec. 9. Subject to the requirements of article IV, part 1, section 1, Constitution of Arizona, section 16-958, Arizona Revised Statutes, is amended to read:

16-958. Manner of filing reports

A. Any person who has previously reached the dollar amount specified in section 16-941, subsection D for filing an original report shall file a supplemental report each time previously unreported independent expenditures specified by that subsection exceeds one thousand dollars. Any person who has previously reached the dollar amounts specified in section 16-941, subsection B, paragraph 2 for filing an original report shall file a

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supplemental report to declare that previously unreported expenditures or contributions specified by that paragraph exceed (1) ten percent PER CENT of the original primary election spending limit or twenty-five thousand dollars, whichever is lower, before the general election period, or (2) ten percent PER CENT of the original general election spending limit or twenty-five thousand dollars, whichever is lower, during the general election period. Such reports shall be filed at the times specified in subsection B of this section and shall identify the dollar amount being reported, the candidate, and the date AND NO OTHER DETAIL IS REQUIRED IN REPORTS MADE PURSUANT TO THIS SECTION.

- B. Any person who must file an original report pursuant to section 16-941, subsection B, paragraph 2 or subsection D, or who must file a supplemental report for previously unreported amounts pursuant to subsection A of this section, shall file as follows:
- 1. Before the beginning of the primary election period, the person shall file a report on the first of each month, unless the person has not reached the dollar amount for filing an original or supplemental report on that date.
- 2. Thereafter, except as stated in paragraph 3 of this subsection, the person shall file a report on any Tuesday by which the person has reached the dollar amount for filing an original or supplemental report.
- 3. During the last two weeks before the primary election and the last two weeks before the general election, the person shall file a report within one business day of reaching the dollar amount for filing an original or supplemental report.
- C. Any filing under this article on behalf of a candidate may be made by the candidate's campaign committee. All candidates shall deposit any check received by and intended for the campaign and made payable to the candidate or the candidate's campaign committee, and all cash received by and intended for the campaign, in the candidate's campaign account before the due date of the next report specified in subsection B of this section. No candidate or person acting on behalf of a candidate shall conspire with a donor to postpone delivery of a donation to the campaign for the purpose of postponing the reporting of the donation in any subsequent report.
- D. The secretary of state shall immediately notify the commission of the filing of each report under this section and deliver a copy of the report to the commission, and the commission shall promptly mail or otherwise deliver a copy of each report filed pursuant to this section to all participating candidates opposing the candidate identified in section 16-941, subsection B, paragraph 2 or subsection D.
- E. Any report filed pursuant to this section or section 16-916, subsection A, paragraph 1 or subsection B shall be filed in electronic format. The secretary of state shall distribute computer software to political committees to accommodate such electronic filing.

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- F. During the primary election period and the general election period, all candidates shall make available for public inspection all bank accounts, campaign finance reports, and financial records relating to the candidate's campaign, either by immediate disclosure through electronic means or at the candidate's campaign headquarters, in accordance with rules adopted by the commission.
- Sec. 10. Subject to the requirements of article IV, part 1, section 1, Constitution of Arizona, section 16-959, Arizona Revised Statutes, is amended to read:

16-959. Inflationary and other adjustments of dollar values

- A. Every two years, the secretary of state shall modify the dollar values specified in the following parts of this article, in the manner specified by section 16-905, subsection J, to account for inflation: section 16-941, subsection A, paragraph 2 or subsection D; section 16-942, subsection B; section 16-944; section 16-945, subsection A, paragraphs 1 and 2; section 16-948, paragraph SUBSECTION C; section 16-954, subsection B; section 16-955, subsection G; and section 16-961, subsections G and H. In addition, the secretary of state shall make a similar inflation adjustment by modifying the dollar values in section 16-949, subsection A and section 16-954, subsection A to the nearest dollar. In addition, every two years, the secretary of state shall change the dollar values in section 16-961, subsections G and H in proportion to the change in the number of Arizona resident personal income tax returns filed during the previous calendar year.
- B. Based on the results of the elections in the year 2002 or any quadrennial election thereafter, and within six months after such election, the commission may adopt rules in a public meeting reallocating funds available to all candidates between the primary and general elections by selecting a fraction for primary election spending limits that is between one third and one half of the spending limits for the election as a whole. For each office, the primary election spending limit shall be modified to be the sum of the primary and general spending limits times the selected fraction, and the general election spending limit shall be modified to be the same sum times one less the selected fraction.
- Sec. 11. Subject to the requirements of article IV, part 1, section 1, Constitution of Arizona, section 16-961, Arizona Revised Statutes, is amended to read:

16-961. <u>Definitions</u>

- A. The terms "candidate's campaign committee," "contribution," "expenditures," "exploratory committee," "independent expenditure," "personal monies," "political committee," and "statewide office" are defined in section 16-901.
- B. 1. "Election cycle" means the period between successive general elections for a particular office.

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- 2. "Exploratory period" means the period beginning on the day after a general election and ending the day before the start of the qualifying period.
- 3. "Qualifying period" means the period beginning on the first day of August in a year preceding an election, for an election for a statewide office, or on the first day of January of an election year, for an election for legislator, and ending seventy-five days before the day of the general election.
- 4. "Primary election period" means the nine-week period ending on the day of the primary election.
- 5. "General election period" means the period beginning on the day after the primary election and ending on the day of the general election.
- 6. For any recall election, the qualifying period shall begin when the election is called and last for thirty days, there shall be no primary election period,—and the general election period shall extend from the day after the end of the qualifying period to the day of the recall election. For recall elections, any reference to "general election" in this article shall be treated as if referring to the recall election.
- C. 1. "Participating candidate" means a candidate who becomes certified as a participating candidate pursuant to section 16-947.
- 2. "Nonparticipating candidate" means a candidate who does not become certified as a participating candidate pursuant to section 16-947.
- 3. Any limitation of this article that is applicable to a participating candidate or a nonparticipating candidate shall also apply to that candidate's campaign committee or exploratory committee.
- D. "Commission" means the citizens clean elections commission established pursuant to section 16-955.
- E. "Fund" means the citizens clean election ELECTIONS fund defined by this article.
- F. 1. "Party nominee" means a person who has been nominated by a political party pursuant to sections SECTION 16-301 or 16-343.
- 2. "Independent candidate" means a candidate who has properly filed nominating papers and nominating petitions with signatures pursuant to section 16-341.
 - 3. "Unopposed—" MEANS with reference to an election for:
- (a) A member of the house of representatives, means opposed by no more than one other candidate WHO HAS QUALIFIED FOR THE BALLOT AND WHO IS RUNNING IN THE SAME DISTRICT.
- (b) A MEMBER OF THE CORPORATION COMMISSION, OPPOSED BY A NUMBER OF CANDIDATES WHO HAVE QUALIFIED FOR THE BALLOT THAT IS FEWER THAN THE NUMBER OF CORPORATION COMMISSION SEATS OPEN AT THAT ELECTION AND FOR WHICH THE TERM OF OFFICE ENDS ON THE SAME DATE.
- (c) ALL OTHER OFFICES, OPPOSED BY NO OTHER CANDIDATE WHO HAS QUALIFIED FOR THE BALLOT AND WHO IS RUNNING IN THAT DISTRICT OR RUNNING FOR THAT SAME OFFICE AND TERM.

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G. "Primary election spending limits" means:

1. For a candidate for THE legislature, ten thousand TWELVE THOUSAND NINE HUNDRED TWENTY-ONE dollars.

- 2. For A candidate for mine inspector, twenty thousand FORTY-ONE THOUSAND THREE HUNDRED FORTY-NINE dollars.
- 3. For a candidate for treasurer, superintendent of public instruction, or THE corporation commission, forty thousand EIGHTY-TWO THOUSAND SIX HUNDRED EIGHTY dollars.
- 4. For a candidate for secretary of state or attorney general, eighty ONE HUNDRED thousand SIXTY-FIVE THOUSAND THREE HUNDRED SEVENTY-EIGHT dollars.
- 5. For a candidate for governor, three hundred eighty thousand SIX HUNDRED THIRTY-EIGHT THOUSAND TWO HUNDRED TWENTY-TWO dollars.
- H. "General election spending limits" means amounts fifty percent PER CENT greater than the amounts specified in subsection G of this section.
- I. 1. "Original" spending limit means a limit specified in subsections G and H of this section, as adjusted pursuant to section 16-959, or a special amount expressly set for a particular candidate by a provision of this title.
- 2. "Adjusted" spending limit means an original spending limit as further adjusted to account for reported overages pursuant to section 16-952.

Sec. 12. Legislative declaration: furthering the purpose

The legislature hereby finds and declares that the provisions of this act further the purposes of the citizens clean sections act adopted by 1998 proposition 200 and enacted into law in title 16, chapter 6, article 2, Arizona Revised Statutes, and that this act fully complies with the requirements of article IV, part 1, section 1, Constitution of Arizona.

Sec. 13. Nonseverability

If any portion of this act is finally adjudicated invalid, the entire act is void.

Sec. 14. Requirements for enactment: three-fourths vote

Pursuant to article IV, part 1, section 1, Constitution of Arizona, sections 16-941, 16-950, 16-952, 16-953, 16-955, 16-956, 16-958, 16-959 and 16-961, Arizona Revised Statutes, as amended by this act, and section 3 of this act are effective only on the affirmative vote of at least three-fourths of the members of each house of the legislature.

APPROVED BY THE GOVERNOR JULY 2, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JULY 2, 2007.